

ASSESSMENT OF SOLAR FACILITIES

Effective July 1, 2022

§ 58.1-3660. Certified Pollution Control Equipment and Facilities

Pollution control equipment and facilities are a separate class of property and are exempt from taxation based on the following criteria as specified in § 58.1-3660.

(The following exemptions apply to solar photovoltaic systems whether or not such property has been certified to the Department of Taxation by a state certifying authority)

- All projects greater than 20 megawatts for which an initial interconnection request form was filed with an electric utility or regional transmission organization (RTO) prior to **January 1, 2015**, are 100% taxable. No exemptions are allowed. Projects 20 megawatts or less prior to **January 1, 2015**, are 100% exempt.
- Projects 20 megawatts or less for which an initial interconnection request form was filed with an electric utility or RTO on or before **December 31, 2018**, are 100% exempt.
- Projects 20 megawatts or less that serve any of the public institutions of higher education listed in § 23.1-100 or private college as defined in § 23.1-105 are 100% exempt.
- Projects greater than 20 megawatts for which an initial interconnection request form has been filed with an electric utility or RTO between **January 1, 2015**, and **June 30, 2018**, are 80% exempt. *There is no cap on the size of the facility to get the 80% exemption provided the project falls within the dates prescribed above.
- Projects greater than 20 megawatts and less than 150 megawatts for which an initial interconnection request form was filed with an electric utility or RTO on or after **July 1, 2018**, and first in service on or after **January 1, 2017**, are 80% exempt. *If the project is over 150 megawatts it is 100% taxable.
- Projects equaling 5 megawatts or less for which an initial interconnection request form was filed with an electric utility or RTO on or after **January 1, 2019**, and **prior to July 1, 2022**, are 100% exempt.
- Projects greater than 5 megawatts and less than 150 megawatts for which an initial interconnection request form was filed with an electric utility or RTO on or after **January 1, 2019**, are 80% exempt in years 1-5, 70% exempt in years 6-10, and 60% exempt for all remaining years. On projects prior to January 1, 2019, this declining exemption does not apply. *Please note that pursuant to § 58.1-3660 C. (ii) of the Code, this does not apply to projects equaling 20 megawatts or less that serve any of the public institutions of higher education listed in § 23.1-100 or any private college as defined in § 23.1-105.

- The exemption for solar photovoltaic projects greater than 5 megawatts does not apply unless an application has been filed with the locality for the project before **July 1, 2030**.
- A locality may elect to pass an ordinance to assess a revenue share of up to \$1,400 per megawatt of the nameplate capacity on projects for which an initial interconnection request form was filed with an RTO on or after January 1, 2019. This applies to projects greater than 5 megawatts. If a locality adopts a revenue share, then all projects within that locality are exempt from taxation. (See § 58.1-2636)
- Pursuant to legislation passed during the 2022 General Assembly, effective **July 1, 2022**, any solar photovoltaic project 5 megawatts or less and approved on or after July 1, 2022, will be subject to taxation at a rate not to exceed the real estate rate applicable in that locality. If a locality elects to pass an ordinance to assess a revenue share, then the project is exempt from taxation. Any project 5 megawatts or less approved prior to July 1, 2022, will continue to be exempt from taxation or a revenue share.

*This exemption does not apply to the land on which solar equipment or facilities are located. If the solar project is greater than 25 megawatts and the land is in the solar project's name as stated in the interconnection agreement, then the land will be assessed by the SCC at 100% of FMV. All leased land will be assessed locally.

**If there is only one interconnection agreement but multiple solar projects under that agreement, then the total of all projects under that interconnection agreement is treated as one project. (Ex. The solar project in Accomack County consists of four 20 megawatt facilities, but there is only one interconnection agreement, so it is treated as one 80-megawatt project for assessment purposes.)